

3 July 1979

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT : NIOs IV: Options

This memorandum presents a series of options for reorganization of the NIO system, some of which imply a larger reorganization of NFAC. My own recommendation is included. There should be one note of caution at the outset, however. To some extent our vision is blurred by the distortions of the last two years. It is hard to know which problems are real and which artificial. Is the problem of production management intrinsically so important, or have we made it so by discussing it endlessly and confusing our priorities? The NIO-Office Director relationship was surely difficult before 1977, but it has been further distorted in ways that may not be indelible.

An Annex describes the evolution since 1947 of the national intelligence function under the DCI.

#### Options\*

A. Neo-Colby. The NIOs and the Senior Review Panel would be merged into a collegial board under a senior officer reporting directly to the DCI independently of DD/NFA. This board would be responsible for national (inter-agency) production, for preparing think-pieces for the DCI, and for critical review of Community product. Drafters of interagency papers would be drawn from Community analytic organizations, as at present. NFAC production would be handled entirely by line managers. This arrangement would differ from the Colby arrangement in that the NIOs would not have as broad a responsibility (e.g. collection), would not be used by the DCI as a channel to NFAC production, and would have critical review responsibilities.

#### Pro

-- Would be seen by the Community as giving maximum emphasis to Community concerns.

\*See attached matrix for a quick comparison.

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-- NFAC's management problem would be somewhat alleviated.

-- DCI has source of independent advice.

Con

-- DCI has two senior substantive subordinates.

-- NFAC could no longer be "national," would undergo another identity crisis.

-- NIOs would in practice have to rely most of the time on NFAC for drafters and other expertise.

-- Great weight in positions and high grades vested in interagency production, a function of at least temporarily decreased importance. (It would have several more GS-18s than there would be left in NFAC).

A<sup>1</sup>. Neo-ONE. This would be similar to Option A except that the board of NIOs, etc., would be provided with a modest staff. The latter and the Assistant NIOs would draft virtually all interagency papers. This arrangement would differ from the ONE arrangement in that NIOs would retain their regional and functional specializations and some of their responsibilities as staff officers to the DCI for their specialties. (Board of National Estimates members were generalists with no special responsibilities.) The arguments for and against would be much the same as for Option A except as follows:

Pro

-- There would be some improvement in quality of product through specialized drafting staff. Estimative writing is a skill not all analysts have.

-- NIOs would interfere less in (N)FAC management.

Con

-- Less Community participation because staff would draft.

- Danger of new organization becoming law unto itself, another intelligence agency.

- Even more expensive in high-grade slots.

- Different kind of friction with NFAC, this time over substantive issues.

B. Radical Surgery. This option is radical because it requires a fundamental change in the way NFAC is managed. Its essential element is a division of responsibilities: NIOs would be responsible for all substantive matters; Office Directors would be responsible for recruitment, training, development, and evaluation of analyst personnel and other non-substantive management matters. The NIOs would report directly to DD/NFA, while the Office Directors would report to a senior subordinate, perhaps his Deputy. The Office Directors would in effect run livery stables of analysts from which the NIOs would draw teams as needed. Some staff would have to be transferred from offices to NIOs along with the substantive responsibility.

#### Pro

- Clear lines of responsibility.

- Both substantive and personnel administration may be more effective with undivided management attention to each.

- Reduction in DD/NFA's span of control.

#### Con

- Trauma and disruption in reducing Office Directors to second-class citizens.

- Questionable whether substance and personnel functions can actually be divorced, e.g., who writes fitness reports? NFAC front office would have difficult coordination problem.

- The Community interest, and indeed the major projects on which the NIOs now concentrate, would tend to be lost in the mass of routine production, e.g., current intelligence.

C. Fix the Present System. In this the NIOs would remain in NFAC, but be placed under a senior subordinate to DD/NFA who would be DD/NFA's -- and the DCI's -- man for national intelligence matters. The NIOs would continue to manage interagency production as at present, but their role in NFAC production would be reduced. As staff officers to DCI and DD/NFA, they would be responsible only for arranging the production of major papers. Management of these papers, and indeed of all other production would be specifically with the Office Directors. The change from the present arrangement would be primarily a change in attitude on the part of NFAC management.

Pro

- Minimum disruption of present arrangements.
- The Community interest more clearly recognized by identification of a responsible officer.
- Modest relief of NIO-Office Director tension through closer supervision of former and increased authority of latter.

Con

- Fundamental conflict of authority not resolved.
- Locus of Community interest dropped one echelon.

C<sup>1</sup>. A Fix With Emphasis on National. This variant on Option C would eliminate any NIO role in NFAC production and confine NIOs to management of national intelligence. The arguments would be the same as for Option C except:

Pro

- Great reduction of NIO-Office Director tension.
- Community interest strengthened by dedicating NIOs to it.

Con

-- Allocation of grades and positions disproportionate to present importance of functions.

D. Downgrade the NIOs. This option reverses Option B by raising the status of Office Directors at the expense of NIOs. The NIOs are placed under a senior subordinate to DD/NFA and are reduced in grade and responsibility to serve as staff officers only. Their chief is the DCI's and DD/NFA's officer for national intelligence, and they are responsible for arranging and coordinating interagency papers and some internal production. Management of all production is assigned to NFAC line officers.

Pro

-- NIO-Office Director tension greatly reduced through reduced status of former.

-- Savings in lower grades and less NIO staff.

Con

-- Would be seen as major retreat from Community concept. This might be softened by provision that some interagency papers would be managed by DIA or INR, but the cost of that would be some drop in quality and reduced DCI control.

-- Individual NFAC offices are not organized or staffed to produce complex inter-disciplinary papers, especially NIEs.

-- Trauma from downgrading of NIOs.

E. Integration. Here it is assumed that political/economic and military groups of offices are formed under two senior subordinates to DD/NFA. A third subordinate is designated as "national," and has responsibility for overseeing interagency production. The NIOs are distributed as staff officers among the three: the seven regional NIOs and the NIO/PE to political/economic; the two military NIOs to military; Proliferation, Special Studies, and Warning to national. NIOs continue to manage interagency papers and coordinate the production programs of their groups.

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Pro

- -- Reduction in tension through closer integration and supervision.
- Great reduction in DD/NFA's span of control.
- Encouragement of interdisciplinary work.

Con

- National account more difficult to handle.
- NIOs will be less able to speak for DCI because they are one echelon lower.
- Disruption inherent in major reorganization.
- Creation of another echelon of command.

E<sup>1</sup>. Hybrid Line-Staff. This proposal carries Option E to its logical conclusion. The political/economic group would be reorganized geographically, with the regional NIOs absorbed in the line structure. The heads of these regional elements would have the responsibilities now assigned to the NIOs as well. Both the Office Directors and NIOs would in effect be eliminated. A comparable reorganization might be considered in the military group, but NIO/CF and NIO/SP would be retained. In addition, special arrangements might be necessary for the Soviet account (see below) and to ensure proper attention to specialized disciplines and interregional problems. In comparison with Option E the arguments would be:

Pro

- Substantial savings in senior personnel.
- Elimination of most management tension.
- More efficient production management.
- Best organization for interdisciplinary analysis.
- Importance of Defense interest on military side recognized.
- Eliminates one echelon of command.

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### Con

- Further reduction in attention to Community.
- Greater difficulty in personnel management of economists, etc., through break-up of discipline-oriented offices.
- Maximum initial disruption.
- Regional element chiefs will be less effective in Community role and can give less attention to NIO liaison and representational duties.

The Soviet account of course bridges the political/economic and military group much more than any other. Formation of a Soviet regional element in the former may not be adequate. Some other possibilities are: retention of NIO/USSR-EE under DD/NFA; the same under his national subordinate; or, formation of a separate Soviet group reporting to DD/NFA. Such a group might include the Soviet and East European elements of OPA, OER, and OGCR, the Strategic Evaluation Center of OSR, and NIO/USSR-EE.

The Options presented do not include one which abolishes NIOs altogether. I believe, given our Community responsibilities both practical and statutory, and given the fact that the other functions now performed by NIOs are virtually all necessary ones, that if the NIOs were abolished completely we would have to invent something to take their place. Option E<sup>1</sup> goes as far as I think it possible in this direction. It provides NIOs where there is a genuine Community of analysts and explicitly places on line officers the other NIO functions where Community interests are less important.

Finally, it must be recognized that none of these Options will solve the unsolvable. All, except possibly B and D, are improvements on the present situation. Some will alleviate the NIO-Office Director problem, but at the expense of attention to the Community. All of them will make it somewhat easier to handle the fundamental conflict that arises when resources are inadequate to meet all policy support requirements and conduct a systematic research program at the same time. But none of them will make this conflict go away.

### Recommendations

Taking into account the arguments above and the considerations presented in my earlier memoranda, I come down in favor of a gradual move toward E<sup>1</sup>, assessing the effects of each step before taking the next. We would:

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1. Go to Option C. (C<sup>1</sup> may seem attractive, but it involves making changes in the NIO role that may have to be undone later.)
2. Reorganize NFAC's components to form groups as in Option E; establish a national group chief with cognizance over the NIOs.
3. Integrate the NIOs as in Option E.
4. Experiment with a regional combination.
5. If successful, move to E<sup>1</sup> and form a separate Soviet group.

The final organization might look something like the attached chart. (Being unsure of my ground, I have not attempted to suggest how the military/scientific group might be organized.) Other than the immediate costs of major reorganization in wear-and-tear on personnel, the major problem with this approach is the Community one. Unquestionably this course will be seen as downgrading the Community role in national intelligence production; I believe that the present correlation of forces in the Community justifies this. The impact can be softened, moreover, by careful preparation and explanation before each step is taken, especially Steps 3 to 5. And the most important Community interests are specifically recognized through retention of the relevant NIOs.

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for Warning





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<u>OPTIONS</u>	NIOs subordinate to:	Interagency production managed by:	Interagency production drafted by:	NFAC production managed by:
A	DCI	NIOs	NFAC, INR, DIA	ODs
A <sup>1</sup>	DCI	NIOs	NIO Staff	ODs
B	DD/NFA	NIOs	NFAC, etc.	NIOs
C	DD/NFA	NIOs	NFAC, etc.	**NIOs: some major projects ODs: all other
C <sup>1</sup>	DD/NFA	NIOs	NFAC, etc.	ODs
D	DD/NFA	ODs	*NFAC, etc.	ODs
E	Group Chiefs	NIOs	NFAC, etc.	NIOs: some major projects ODs: all other
E <sup>1</sup>	Group Chiefs or absorbed in line	NIOs or Regional Directors	*NFAC, etc.	NIOs: major military Regional Directors: all other

\*Greater reliance on NFAC

\*\*Interdisciplinary only

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